



**\$80 MILLION MULTI-FAMILY CONSTRUCTION FINANCING REQUEST**

# LampWorks

400 - 420 South Fifth Street & 530 Bergen Street : Harrison, NJ 07029



PLBRG000060100

# TABLE OF CONTENTS

I. EXECUTIVE SUMMARY	3
II. SPONSORSHIP & PROJECT TEAM	13
III. FINANCIAL ANALYSIS	21
IV. PROPERTY DESCRIPTION	25
V. MARKET ANALYSIS	35

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# OVERVIEW

Harrison Lofts Urban Renewal, LLC (“Borrower”), a joint venture between the Albanese Organization, Inc. and Berkenkamp Realty Group, LLC is seeking construction financing to redevelop three existing, vacant warehouse buildings in Harrison, NJ into a 345-unit Class A residential rental community known as the LampWorks (“Property”). The Property is situated on a two-acre full city block located at 400-420 South Fifth Street and 530 Bergen Street in Harrison, NJ, six blocks from the new Harrison PATH train station. The redevelopment will feature the adaptive re-use of the existing warehouse structures as well as new construction to create an authentic, fully amenitized, best-in-class “industrial chic” rental community in a rapidly growing submarket with exceptional mass transit access. Moreover, LampWorks will offer renters a value proposition unmatched anywhere else along the PATH train or within a twenty minute commute to Manhattan.

The total development budget is approximately \$106,000,000 (\$308,000 per unit); the projected stabilized value is approximately \$127,000,000 (\$367,000 per unit). The Borrower is requesting a floating-rate construction loan for a three year term in the amount of \$79,600,000 (\$231,000 per unit). This is equivalent to 75% loan-to-cost, and 62.8% loan-to-value.

Loan Request:	\$79,634,610
PSF:	\$333
Per Unit:	\$230,825
Loan-to-Cost:	75.0%
Loan-to-Value:	62.8%
Stabilized NOI:	\$6,336,823
Debt Yield:	8.0%
Term:	3 + 1 + 1
Amortization:	None
Recourse:	Completion Guarantee Standard Carve Outs Minimal Principal Recourse





# FINANCIAL SUMMARY

## Area Calculation

	GSF	RSF	Units
Building A	207,209	150,209	216
Building B	83,973	64,436	92
Building C	32,120	24,157	37
<b>Subtotal</b>	<b>323,302</b>	<b>238,802</b>	<b>345</b>
Parking Deck	100,000	0	0
<b>Total</b>	<b>423,302</b>	<b>238,802</b>	<b>345</b>

## Unit Mix

	Count	% of Total	Avg SF
Studio	70	20%	473
Alcove Studio	44	13%	539
1 Bedroom	133	39%	710
1 Bdrm Loft	46	13%	780
1 Bedroom + Den	23	7%	913
2 Bedroom	29	8%	1,057
<b>Total</b>	<b>345</b>	<b>100%</b>	<b>692</b>

## Sources & Uses

		\$ / GSF	\$ / RSF	\$ / Unit
Land Cost	\$17,250,000	\$53	\$72	\$50,000
Hard Costs	\$65,888,028	\$204	\$276	\$190,980
Soft Costs	\$16,084,766	\$50	\$67	\$46,623
Financing Costs	\$6,956,686	\$22	\$29	\$20,164
<b>Total Project Cost</b>	<b>\$106,179,480</b>	<b>\$328</b>	<b>\$445</b>	<b>\$307,767</b>
		LTC	\$ / RSF	\$ / Unit
Construction Loan	\$79,634,610	75%	\$333	\$230,825
Equity	\$26,544,870	25%	\$111	\$76,942
<b>Total Capitalization</b>	<b>\$106,179,480</b>	<b>100%</b>	<b>\$445</b>	<b>\$307,767</b>

## Loan Sizing

Effective Gross Income	\$10,072,229
Operating Expenses	(\$3,735,406)
Net Operating Income (NOI)	\$6,336,823
<b>Debt Yield</b>	<b>8.0%</b>
Cap Rate	5.00%
Asset Value	\$126,736,467
<b>Loan-to-Value</b>	<b>62.8%</b>
Permanent Loan Constant (4.0% Int Rate)	5.73%
Debt Service	\$4,562,254
<b>DSCR</b>	<b>1.39x</b>

# HIGHLIGHTS

## MILLENNIAL HOUSING DEMAND

LampWorks is well-positioned to meet the surging demand for Millennial housing. As Millennials become the largest demographic in the New York Metro workforce, rental housing with specific characteristics that appeal to this segment of the market will outperform. Millennials are drawn to urban, walkable environments with strong mass transit, and rental housing with an authentic and creative aesthetic, great common areas and amenities. LampWorks proximity to the Harrison PATH station and loft-style amenity-rich product will capture this growing market, and present a price point that will be more attainable for young professionals. As the New York job market has continued to diversify away from the FIRE sectors and more toward the TAMI sectors, Millennials have been at the forefront of the new age creative industries. Entry level salaries within the TAMI sectors typically do not support rent levels of \$50-\$80psf. As a result, from a price point and product standpoint, LampWorks is uniquely positioned to capture the massive, growing and attractive Millennial population.

## BEST IN CLASS, AUTHENTIC LOFT STYLE LIVING

The current structures at the LampWorks consist of three, three-story warehouse buildings with 14' ceiling heights. The redevelopment plan includes adding 100,000sf of new residential construction on top of two of the buildings. Upon completion, the LampWorks will be unlike any product delivered or proposed in the Harrison submarket. LampWorks will represent the genuine article when it comes to urban loft style living with 14' ceilings, 12' factory-style windows, exposed brick and ductwork, and industrial chic interior design. LampWorks will deliver a diverse and attractive unit mix and multiple layouts consisting of studio, one bedroom, one bedroom den and two bedroom unit designs. The three-building, campus-like feel will include a heavy ground floor amenity package that will include the market's only indoor basketball court and rooftop pool and indoor/outdoor lounge. The project's Manhattan views will further separate LampWorks from its competition. As continued residential and retail product is delivered into the Harrison market and the density of upscale residential tenants only increases, LampWorks is well-positioned currently and over the long term to be a best in class product.

## VALUE PROPOSITION ALONG PATH TRAIN

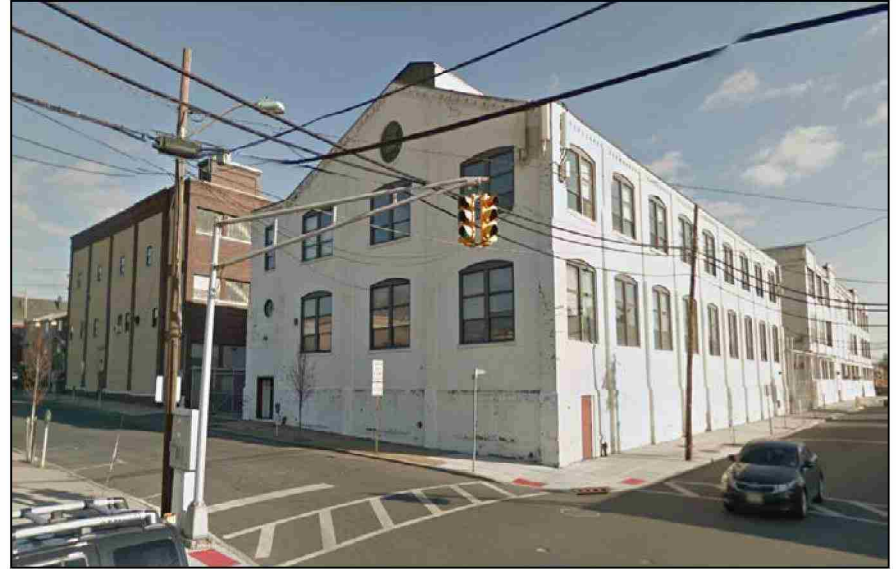
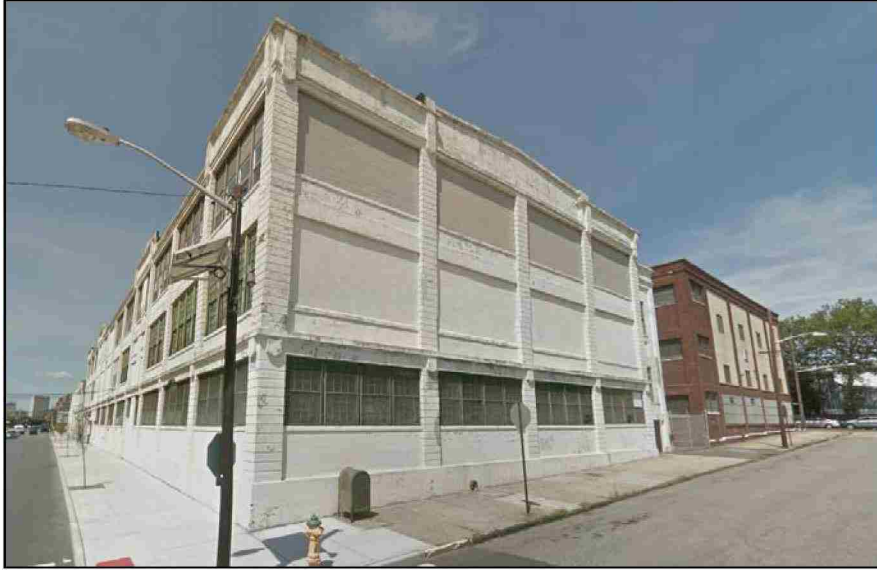
The Harrison PATH station, located a short five minute walk from the Property, provides direct service to World Trade Center in Manhattan (20 minutes), Jersey City waterfront (10 minutes), and Newark (2 minutes). The PATH train also services multiple points in Midtown South from Christopher Street to Herald Square (33 minutes). Other New Jersey PATH locations with new multifamily housing options include Hoboken, Newport, Grove St, Exchange Place, and Journal Square. These submarkets are priced significantly higher than LampWorks. Untrended projected rents at the LampWorks of \$36psf compare very favorably to these other locations, many of which are priced at \$45psf-\$50psf. In addition, popular New York City outer borough neighborhoods with subway access into Manhattan such as Downtown Brooklyn, Williamsburg, and Long Island City are priced at \$65-\$75psf. The only submarkets in New York City offering housing at this affordable rent are not attractive neighborhoods with no new multifamily housing being developed, and the only New Jersey submarkets with attractive multifamily housing at this price point are not located within this proximity to a PATH train. LampWorks will stand alone in its mass transit access, product offering, and price point.

## STRONG SPONSORSHIP WITH LOCAL PRESENCE

The Albanese Organization and Berkenkamp Realty Group have combined to bring their unique experience and skill sets together to redevelop LampWorks. Albanese brings with it a 65-year track record of developing and redeveloping residential housing in the NY Metro area, including 2.5 million square feet of class A residential. Berkenkamp Realty, based in Harrison, NJ and located across the street from LampWorks, brings tremendous local knowledge and expertise as well as decades of experience operating in multiple New Jersey submarkets. The four principals of the Borrower, who bring a combined 100+ years of experience, will all have meaningful day-to-day responsibilities covering all facets of the project. In addition, the architect, Minno & Wasko, has designed 75% of the new multifamily units in Harrison, as well as two separate warehouse conversions to residential in close proximity to Lampworks. The leasing firm retained as leasing and marketing agent by the LampWorks, The Marketing Directors, is very experienced in the local market having conducted the initial leasing effort for Harrison Station I, II, and III, as well as the St. George apartments; these projects are located a few blocks from the LampWorks.

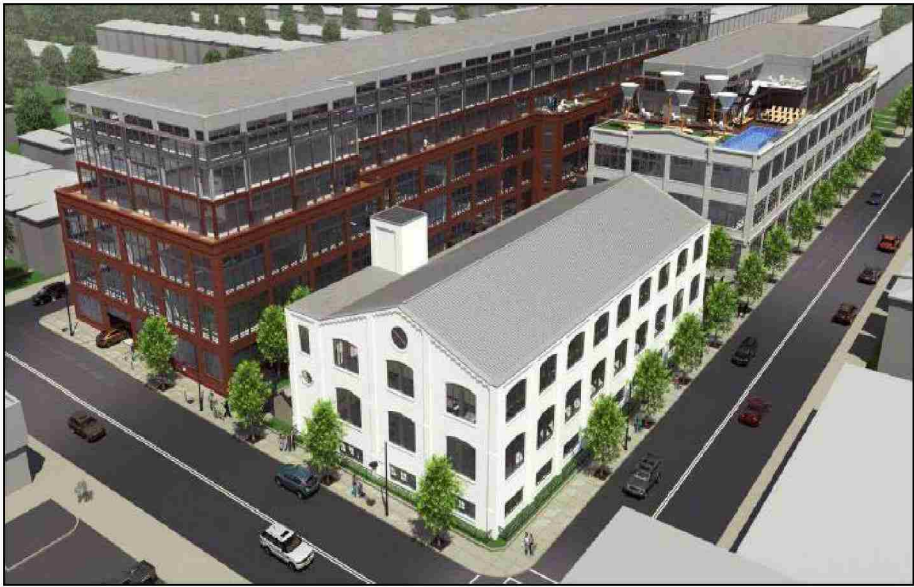


## EXISTING CONDITIONS





RENDERINGS





## LOCATION OVERVIEW

Harrison, NJ is located along the Passaic River in Hudson County, New Jersey between Newark and Jersey City. Harrison is located 7 miles west from the Jersey City waterfront and 8.5 miles west from Lower Manhattan. Harrison is approximately 1.3 square miles in size with a current population of 15,000. The Harrison PATH train station, which is undergoing a +/- \$256 million expansion, is located six blocks South of the Property, is a 20 minute direct travel time to World Trade Center and 30 minutes to multiple stops in Midtown South and Herald Square. In addition, Interstate I-280, one block from the Property affords immediate vehicular access east to Jersey City, I-95 and Manhattan through the Holland Tunnel, and west to Newark and the Garden State Parkway. Harrison is uniquely positioned to accommodate commuter patterns in both an east (NYC, Jersey City) and west (Newark, Parsippany, Woodbridge) direction.

Harrison had historically been an industrial town with significant manufacturing occurring along its Passaic River waterfront which allowed easy access to Port of Newark and eventually the Atlantic Ocean, with lower density residential located in-land off the waterfront. Since the 1970's, heavy manufacturing has dissipated in Harrison, and the waterfront has become mostly vacant land. In response, the Town of Harrison over the last ten years has been focused on working with private developers to redevelop the former industrial land into higher density mixed use communities. Approximately 35% of the town (mostly vacant waterfront) is designated within the redevelopment plan.

To date, approximately 475 new Class A residential units have been introduced to the market in addition to two hotels totaling 300-keys. Of note, Red Bull Arena, home to the MLS soccer team New York Red Bulls, was constructed along the waterfront in 2010. Currently, three new residential projects are under construction expected to complete 775-units to be delivered in 2015. The total proposed redevelopment plan for Harrison could include an additional 2,500-units at full build out. Along with new class A residential development, the retail amenities within the Harrison market are also undergoing significant improvements. LampWorks, which is adjacent to the Harrison Shopping Center, will benefit from upgrade tenanting and physical improvements planned to be completed at the Harrison Shopping Center anticipated to occur concurrently with the LampWork's initial lease up. Specifically, a 12,000 sf Seabra Foods gourmet market will be opening in 2016 directly across the street from LampWorks in space currently occupied by Advance Auto Parts.

As a true transit-oriented development, LampWorks is specifically designed to accommodate commuters who are interested in an affordable, amenity-rich lifestyle while still having the convenience of owning a car. Similar areas such as Hoboken, Jersey City, Brooklyn, and Long Island City are increasing in popularity with the young professional/new family demographic as rental rates in Manhattan continue to reach record highs. This demand is driving up rents and forcing tenants to find more affordable options like Harrison. The convenience of the PATH train for commuting into NYC, Jersey City, and Newark makes living in Harrison an ideal affordable alternate to higher (and escalating) priced communities.



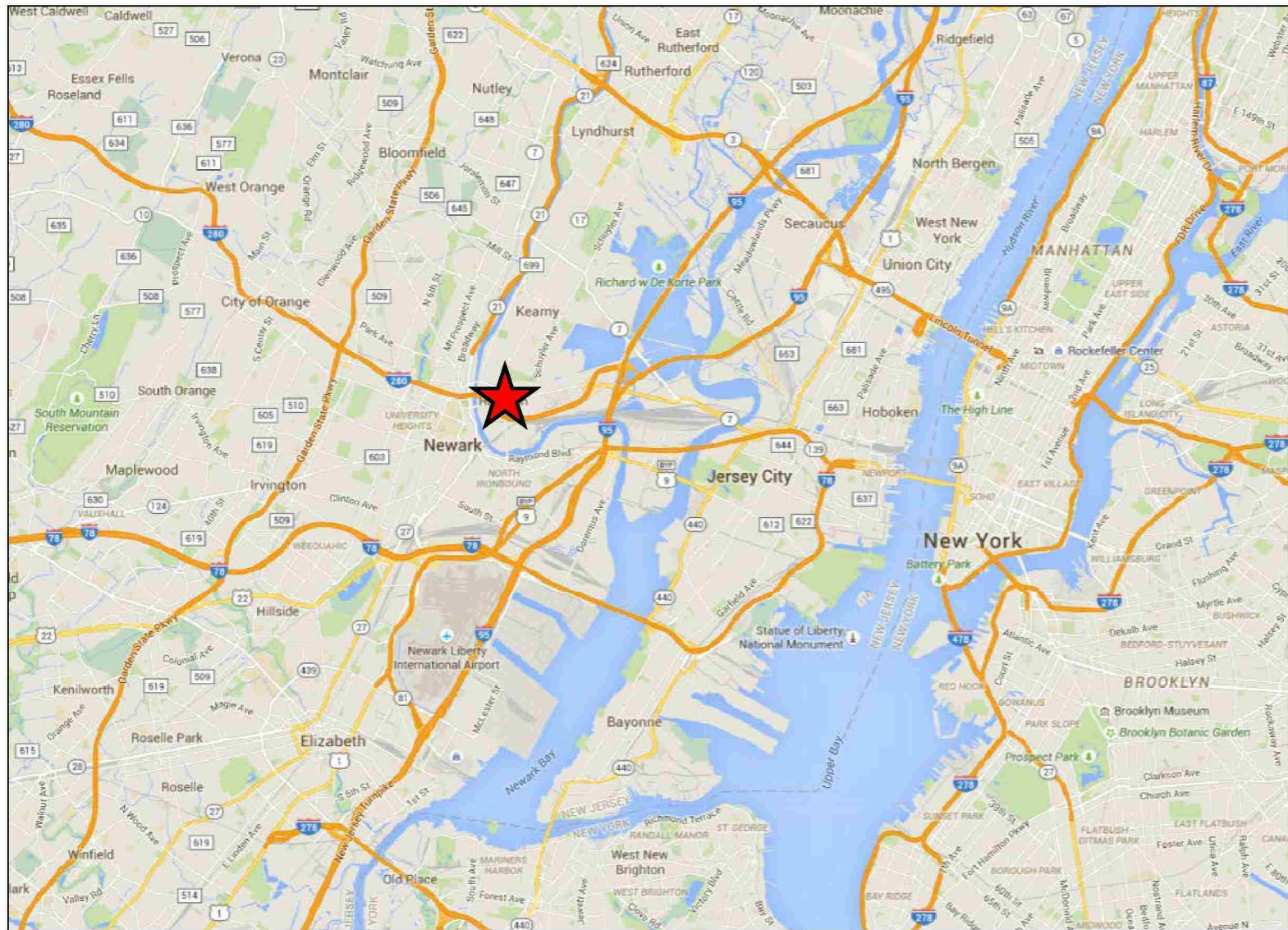
**World Trade Center PATH Station**



**Harrison PATH Station**



## REGIONAL MAP





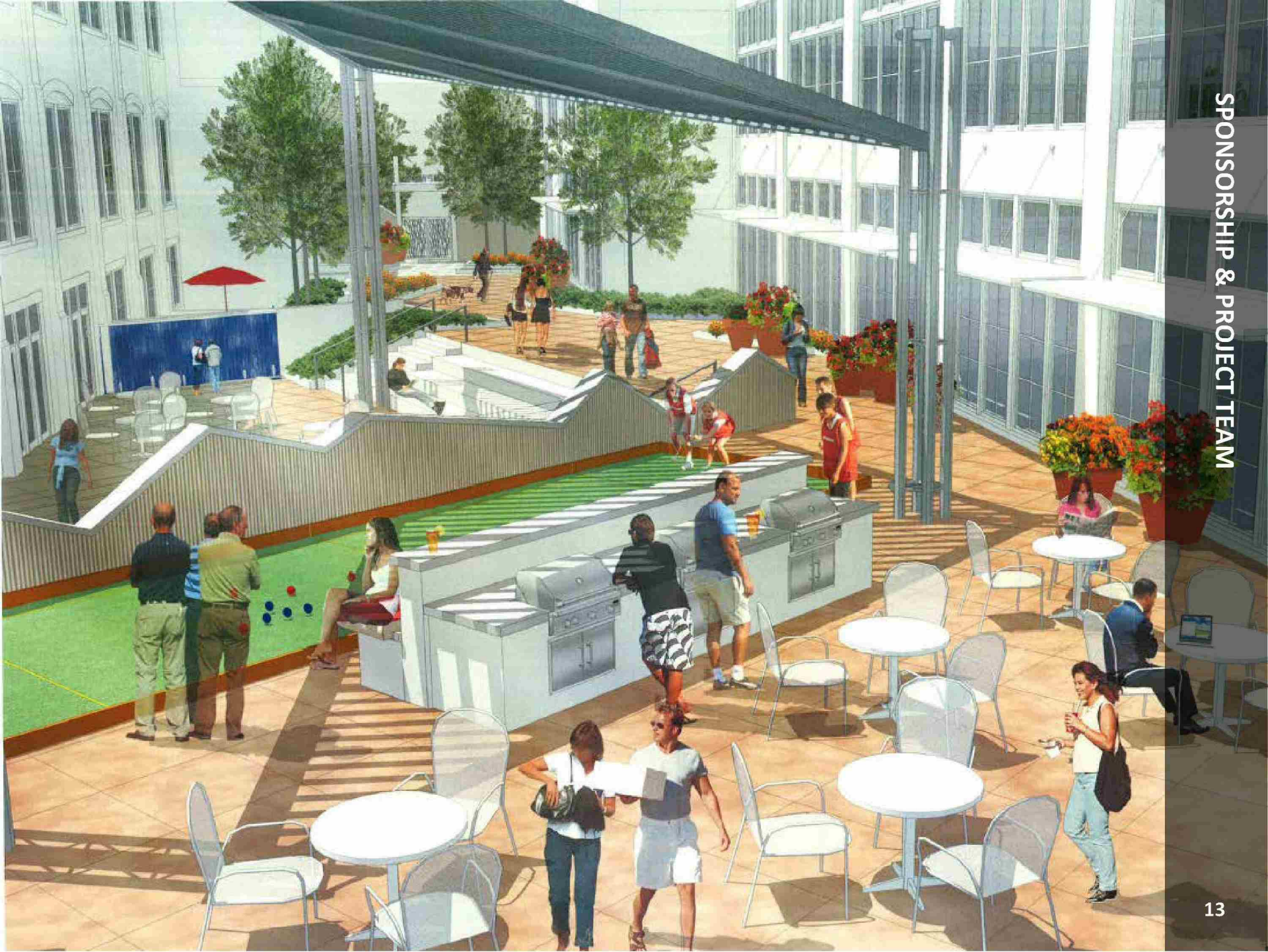
AERIAL



## PATH RAIL SYSTEM MAP







## SPONSORSHIP

Harrison Lofts Urban Renewal, LLC is a joint venture partnership between Albanese Development Corporation (“Albanese” or “ADC”) and Berkenkamp Realty Group, LLC (“BRG”).

Albanese Development Corporation is a privately held, full-service real estate firm dedicated to creating commercial, residential and mixed-use buildings of distinction, quality and architectural merit that optimize value, are environmentally responsible, and enhance the communities in which they are located. During the past decade, the firm has successfully developed more than 2.5 million square feet of residential and commercial property in the NYC Metropolitan area.

**Russell C. Albanese** is Chairman of the Albanese Organization and has over 30 years of experience in real estate planning, design, and development. For over 60 years the Albanese Organization has been dedicated to building better buildings by introducing innovative concepts that enhance quality of life and long-term value. Russell has continued this innovative spirit, leading the company's evolution to sustainable development, a natural extension of the company's approach to quality that continues to be at the heart of all its endeavors. He has been a speaker at numerous professional conferences advocating sustainable development. Russell was a founding Board Member of the U.S. Green Building Council's New York City Chapter, has served as the Co-Chair of the Environment Committee of the New York Building Congress and is actively involved in other industry related and charitable organizations. Russell also serves on the boards of Sustainable Long Island, the Nature Conservancy, and Long Island Youth for Christ. Russell joined the firm in 1979 after receiving a B.S. degree in engineering from Duke University.

**Christopher V. Albanese** is an integral member of the second generation of family leadership in the firm. With over 20 years of experience in real estate, Christopher is responsible for sourcing, analyzing, financing and developing new projects and investment properties for the firm. He also supervises zoning and related legal issues, as well as the marketing and leasing programs for the company's residential properties. Christopher is a graduate of the Bronx High School of Science. He received a B.A. in economics from Cornell University, College of Arts and Sciences in 1986. He then received a J.D. from St. John's University School of Law, where he graduated cum laude, and was a member of and published in the Law Review. Christopher is a member of the Real Estate Board of New York, Urban Land Institute, and the Economic Club of New York. He has been an invited speaker at numerous professional real estate forums to discuss real estate development and financing. Christopher serves as a board member for the Center for Hearing and Communication, a nonprofit organization that provides valuable services to adults and children with hearing impairments. He is also an Advisory Board Member of New Ground, a local organization that provides services for homeless families.



# ADC SELECT PROJECT EXPERIENCE



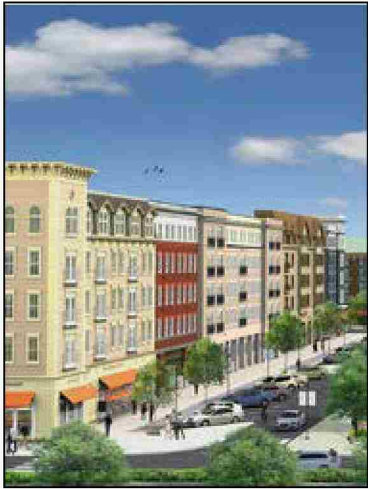
**The Solaire**, (20 River Terrace, New York, New York) is a 29-story luxury rental and was the first residential tower in the country to achieve LEED Gold Status. The Solaire was completed 2003 and was the first building constructed in lower Manhattan after September 11, 2001. The building is approximately 400,000 square feet with 293 apartment units.



**The Verdesian**, (211 North End Avenue, New York, New York) is a 26-story luxury residential rental constructed directly across the park from the Solaire. The Verdesian was completed in 2006 and was the first residential tower in the country to receive LEED Platinum status. The building is approximately 300,000 square feet with 253 apartment units.



**The Visionaire**, (70 Little West Street, New York, New York) is a 35-story luxury residential condominium constructed in the southern neighborhood of Battery Park City. The building was completed in 2009 and was the first residential condominium in the country to attain LEED Platinum status. The building is approximately 500,000 square feet with 251 condominium units.



The Albanese Organization is Master Developer of **Wyandanch Village**, a 40-acre, \$500 million sustainable, mixed income, transit oriented community. Currently in construction, the first phase of development will consist of three buildings. The first two will be mixed use buildings containing a total of approximately 222,000 square feet, including 177 residential units and 37,500 square feet of retail, restaurant and gallery space. The third will be a commercial building of approximately 77,000 square feet.

## SPONSORSHIP

Berkenkamp Realty Group, LLC is a privately-held and financed real estate investment firm based in Harrison, New Jersey that principally focuses upon the opportunistic acquisition of real estate equity and debt assets and the redevelopment of real estate. The professionals have experience in a variety of asset types including multi-family, office, retail, industrial and unimproved land. Having previously worked at larger real estate institutions, the executives bring hands-on institutional sophistication to the Company's transactions; its entrepreneurial culture enables it to quickly and effectively implement investment and asset management strategies.

**Thomas A. Berkenkamp** is the Founder and President of Berkenkamp Realty Group, LLC. He has been continuously involved in real estate for more than 35 years. He has significant experience in the areas of finance, development, asset management, dispositions and work-outs. His experience includes most property types including apartments, condominiums, office, retail, parking garages, mixed-use and hotels.

Prior to forming BRG, he served as COO and EVP – Finance & Investments of a Montclair, New Jersey-based, privately-held developer of mixed-used urban redevelopment projects, suburban multifamily developments and custom homes. Prior to that Tom had an extensive real estate career on Wall Street and served in senior roles at a number of prestigious firms including Credit Lyonnais, Emmes Capital, ORIX USA Corporation and Eastdil Realty, Inc. While at those firms, he sourced, closed and/or approved and/or worked-out financing on more than \$3 billion of property. Tom received a Master's degree in Architecture from Harvard University, where he augmented his studies with course work in business, law and finance at the Harvard Business School and Law School, and at MIT's Sloan School of Management. Tom has been a speaker at various industry conferences including those held by the Urban Land Institute. He serves on the Board of Directors of the MBA of NY and has taught as an adjunct Professor at NYU's Schack School of Real Estate.

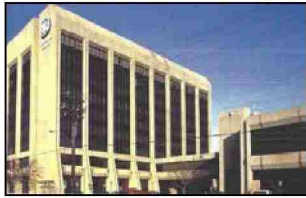
**Mark Schaevitz** has been involved in real estate development, leasing, management and financing since 1982. With a degree in Architecture from Cornell University, he practiced in New York for five years for national firms. In 1982 he joined Paragon, a private office development company, where he oversaw the development, leasing and management of 1.5 million square feet of Class A office buildings. A portfolio of the Paragon office assets was sold in 1996 and Mr. Schaevitz was asked to lead the formation and growth of the REIT's NJ division where he directed all aspects of the business as the portfolio grew from 500,000 to over 3 million SF. This growth included the entitling of over 1 million SF of development. In addition to Paragon, Mr. Schaevitz was the COO for WP Commercial where he oversaw the redevelopment, leasing and management of a portfolio of 2.5 million SF of class A office property. Over his 32 year career, Mark has appeared before fifteen NJ municipalities for approvals; directed over 1.8 million sf of "gut" redevelopment and 1.2 million sf of significant renovation. Many of them have had the same basic issues as The LampWorks, i.e. zoning, environmental, new construction married with rehab, etc. Determining what is the prudent application of capital to yield accretive results versus simply yielding to the architect or "how it was done in the past", is not simple nor the same for each redevelopment and Mark has gained an experienced judgment and knowledge in this equation. The large majority of the construction work he has overseen has been self performed and he is accustomed to a "hands on" role in managing and controlling the construction process.



## BRG SELECT PROJECT EXPERIENCE



1250 Broad St. Clifton, NJ - a 165,000sf warehouse building located at the intersection of the GSP and Rte 3. The work included removing and replacing the facade, all new systems, common elements and site work. Completed in 1999, the building leased at the final stage of construction to Hoffman LaRoche.



Gateway Tower, Rockville, Maryland - This is a nine story 240,000sf office building and parking garage in Rockville. The work included removing and replacing the facade, new common elements, and garage rehab. This project presented unique challenges as a full floor of the building remained occupied throughout the redevelopment process, which was completed in 2002. The building leased during construction to ADP.



225 Summit Ave, Montvale, NJ - This was a 120,000sf office building on a large site. The project included rezoning, environmental remediation, added square footage along with a new facade, systems, common elements and site work. Completed in 2007, the building leased during construction to Barr Pharmaceuticals.



333 Mt Hope Ave, Rockaway, NJ - This is a 93,000sf three story office building at the entry to the Rockaway Mall. The work included removing and replacing the facade, all new systems, common elements and site work. Completed in 2003, the building leased after construction to BASF.



# ARCHITECT



Founded in 1995, Minno & Wasko is committed to quality design, meticulous detailing, superior materials and energy efficiency. The firm continues to be recognized by its peers through numerous industry awards for excellence in architectural design and planning. Based in Lambertville, NJ, Minno & Wasko is a full service architectural firm offering services in Architectural Design, Planning, Interior Design, and Structural Engineering.



## **Harrison Station I, II & III – Harrison, NJ**

- Built in multiple phases beginning in 2010. First phase consisting of 275 units was delivered in 2011, and current phase will deliver 329 units in Fall of 2015.
- Located one-two blocks from PATH station and three-four blocks from LampWorks.
- Four story, wood frame construction with ground floor retail.



## **Vermella Harrison– Harrison, NJ**

- Under Construction
- Located adjacent to the Red Bull Arena
- 326 rental apartments
- 10,000 square feet of retail space
- Rooftop courtyard and pool



## **Parkway Lofts – Bloomfield, NJ**

- Former warehouse built by The General Electric Company in 1897
- Six-story warehouse redeveloped into 261 loft-style apartments
- 17 foot ceilings
- Free standing three-level parking facility
- Redeveloped into apartments in 2014



## **350 Warren Street – Jersey City, NJ**

- Under Construction
- Former industrial warehouse known as the Morgan Industrial Center being redeveloped into a luxury multifamily community
- Eight-stories
- 366 loft-style apartments
- Rooftop deck, fitness studio, clubroom with bar



# LEASING FIRM



Founded in 1980, The Marketing Directors is a development advisory and master property marketing and sales force that works exclusively on behalf of owners and builders of new homes. Headquartered in New York, with offices and sales teams active around North America, The Marketing Directors is known for its success in selling and leasing homes at prices that help its clients achieve their goals for each development. In its 30+ year history, The Marketing Directors has helped its clients successfully sell-out more than 1,000 new developments across the country.



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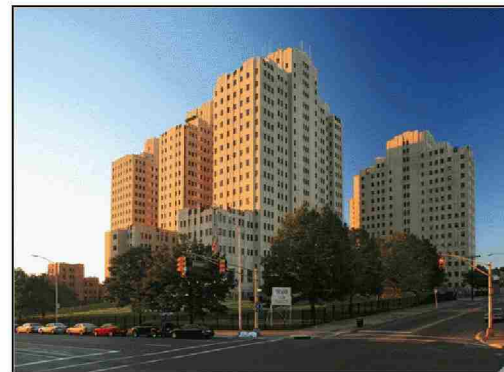
## **18 Park – Jersey City, NJ**

- 11 Stories
- 420 Dwelling Units
- Boys & Girls Clubs of Hudson County Tenant Fit-Out
- 24-Hour Concierge, Club Room + Fitness Center, Children's Playroom
- Built in 2014



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- Free standing three-level parking facility
- Redeveloped into apartments in 2014



## **The Beacon – Jersey City, NJ**

- Former complex of the Jersey City Medical Center redeveloped into a 10-building luxury residential community
- 24-hour doorman and concierge services, fitness center, yoga room, swimming pool, outdoor sundeck
- Redeveloped into apartments in 2012/2013

# GENERAL CONTRACTOR



Founded in 2001, Mc Gowan Builders, Inc. is a premier, full-service general contracting and construction management firm. Its breadth of experience and expertise in diverse building types allows it to provide construction services to commercial and institutional clients, delivering projects for some of the most prominent firms and organizations in the nation. Their clients include St. Luke's Roosevelt Hospital, Continental Airlines, Federated Department Stores, Sheraton Hotels, JPMorgan Chase & Co, Walmart and numerous others.



## **131 Eighth Ave – New York, NY**

131 Eighth Ave is a seven-story, 53 apartment, mixed-use retail and residential development that featured a steel structure with metal deck and concrete floors. The Mc Gowan Builders team developed a complex staging, logistics and delivery schedule and constructed a temporary, elevated platform that housed a crane during the steel erection phase.



## **River & Warren – New York, NY**

Mc Gowan Builders is serving as Construction Manager for the rental-to-condo conversion at the 28-story River & Warren located in Battery Park City, New York, NY.



## **Dream Downtown Hotel – New York, NY**

Mc Gowan Builders served as Construction Manager for the massive redevelopment of an 11-story, institutional use structure into a high-end, 316 room hotel located on Manhattan's West Side. The Mc Gowan Builders team developed a complex staging, logistics and delivery schedule to address the challenges of working in a high-traffic area with limited site access and restrictive street closing permits.





## UNIT MIX

Unit Mix - Debt						
	Count	SF	Rent	Rent psf	Rent psf	Total SF
Studio	70	473	\$1,700	\$3.59	\$43.12	33,117
Alcove Studio	44	539	\$1,850	\$3.43	\$41.15	23,735
1 Bedroom	133	710	\$2,100	\$2.96	\$35.51	94,388
1 Bdrm Alcove	46	780	\$2,250	\$2.88	\$34.60	35,897
1 Bedroom + Den	23	913	\$2,350	\$2.57	\$30.89	20,999
2 Bedroom	29	1,057	\$2,700	\$2.55	\$30.64	30,666
<b>Total</b>	<b>345</b>	<b>692</b>	<b>\$2,074</b>	<b>\$3.00</b>	<b>\$35.96</b>	<b>238,802</b>



## DEVELOPMENT BUDGET

Development Budget				
		423,302 \$ / GSF	238,802 \$ / RSF	345 Per Unit
<b>Land Cost</b>	<b>\$17,250,000</b>	<b>\$41</b>	<b>\$72</b>	<b>\$50,000</b>
Subcontractor Hard Costs	\$51,343,028	\$121	\$215	\$148,820
Contractor Contingency	\$1,540,291	\$4	\$6	\$4,465
Insurance	\$1,008,165	\$2	\$4	\$2,922
General Conditions	\$4,666,400	\$11	\$20	\$13,526
General Contractor Fee	\$1,600,000	\$4	\$7	\$4,638
<b>Total GMP Hard Costs</b>	<b>\$60,157,884</b>	<b>\$142</b>	<b>\$252</b>	<b>\$174,371</b>
Environmental	\$1,100,000	\$3	\$5	\$3,188
Lobby/Amenity Furnishings	\$510,000	\$1	\$2	\$1,478
Other Owner Costs	\$1,112,250	\$3	\$5	\$3,224
Owner's Contingency	\$3,007,894	\$7	\$13	\$8,719
<b>Total Hard Costs</b>	<b>\$65,888,028</b>	<b>\$156</b>	<b>\$276</b>	<b>\$190,980</b>
Architects & Engineers	\$1,976,802	\$5	\$8	\$5,730
Legal	\$889,806	\$2	\$4	\$2,579
Accountant	\$86,325	\$0	\$0	\$250
Developer Fee	\$3,500,000	\$8	\$15	\$10,145
Construction Staff	\$1,500,000	\$4	\$6	\$4,348
Permits & Fees	\$1,592,500	\$4	\$7	\$4,616
COAH Fee	\$517,500	\$1	\$2	\$1,500
Testing & Inspections	\$300,000	\$1	\$1	\$870
Real Estate Taxes	\$837,469	\$2	\$4	\$2,427
Insurance	\$665,000	\$2	\$3	\$1,928
General Costs	\$335,267	\$1	\$1	\$972
Marketing	\$960,000	\$2	\$4	\$2,783
Leasing Office & Brokerage	\$1,503,606	\$4	\$6	\$4,358
Investment Sale Broker Commissions	\$350,000	\$1	\$1	\$1,014
Building Commissioning & Start Up	\$255,000	\$1	\$1	\$739
Contingency	\$815,491	\$2	\$3	\$2,364
<b>Total Soft Costs</b>	<b>\$16,084,766</b>	<b>\$38</b>	<b>\$67</b>	<b>\$46,623</b>
Financing Fees & Costs	\$1,040,546	\$2	\$4	\$3,016
Int Reserve	\$5,916,140	\$14	\$25	\$17,148
<b>Total Financing Costs</b>	<b>\$6,956,686</b>	<b>\$16</b>	<b>\$29</b>	<b>\$20,164</b>
<b>Total Project Costs</b>	<b>\$106,179,480</b>	<b>\$251</b>	<b>\$445</b>	<b>\$307,767</b>

# 10-YEAR CASH FLOW PROJECTION

Cash Flow										
Year Ended Year	Sep-16 1	Sep-17 2	Sep-18 3	Sep-19 4	Sep-20 5	Sep-21 6	Sep-22 7	Sep-23 8	Sep-24 9	Sep-25 10
Project Timeline	Construction	Construction	Lease-Up	Stabilized Yr 1	Stabilized Hold Period					
Total Project Costs	(\$61,413,029)	(\$39,484,797)	(\$5,281,654)							
Residential Rent				\$9,664,294	\$9,954,223	\$10,252,849	\$10,560,435	\$10,877,248	\$11,203,565	\$11,539,672
Parking Rent				\$698,941	\$719,909	\$741,506	\$763,752	\$786,664	\$810,264	\$834,572
Other Income				\$349,470	\$359,955	\$370,753	\$381,876	\$393,332	\$405,132	\$417,286
Total Gross Revenue				\$10,712,705	\$11,034,087	\$11,365,109	\$11,706,062	\$12,057,244	\$12,418,962	\$12,791,530
Vacancy - Residential (5.0%)				(\$500,688)	(\$515,709)	(\$531,180)	(\$547,116)	(\$563,529)	(\$580,435)	(\$597,848)
Vacancy - Parking (20.0%)				(\$139,788)	(\$143,982)	(\$148,301)	(\$152,750)	(\$157,333)	(\$162,053)	(\$166,914)
EGI				\$10,072,229	\$10,374,396	\$10,685,628	\$11,006,197	\$11,336,382	\$11,676,474	\$12,026,768
Payroll				(\$1,005,923)	(\$1,036,101)	(\$1,067,184)	(\$1,099,200)	(\$1,132,176)	(\$1,166,141)	(\$1,201,125)
Employee Units				(\$36,466)	(\$37,560)	(\$38,687)	(\$39,848)	(\$41,043)	(\$42,275)	(\$43,543)
Marketing				(\$86,383)	(\$88,974)	(\$91,644)	(\$94,393)	(\$97,225)	(\$100,141)	(\$103,146)
General & Administrative				(\$56,275)	(\$57,964)	(\$59,703)	(\$61,494)	(\$63,339)	(\$65,239)	(\$67,196)
Management Fee				(\$352,528)	(\$363,104)	(\$373,997)	(\$385,217)	(\$396,773)	(\$408,677)	(\$420,937)
Landscaping / Grounds				(\$56,275)	(\$57,964)	(\$59,703)	(\$61,494)	(\$63,339)	(\$65,239)	(\$67,196)
Make-Ready				(\$97,075)	(\$99,987)	(\$102,987)	(\$106,077)	(\$109,259)	(\$112,537)	(\$115,913)
Repairs & Maintenance				(\$194,150)	(\$199,975)	(\$205,974)	(\$212,153)	(\$218,518)	(\$225,073)	(\$231,826)
Utilities				(\$465,961)	(\$479,939)	(\$494,338)	(\$509,168)	(\$524,443)	(\$540,176)	(\$556,381)
Misc				\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance				(\$135,905)	(\$139,982)	(\$144,182)	(\$148,507)	(\$152,962)	(\$157,551)	(\$162,278)
PILOT				(\$1,248,463)	(\$1,287,789)	(\$1,328,355)	(\$1,370,198)	(\$1,413,359)	(\$1,457,880)	(\$1,503,803)
Total Op Exp				(\$3,735,406)	(\$3,849,340)	(\$3,966,752)	(\$4,087,747)	(\$4,212,435)	(\$4,340,928)	(\$4,473,343)
NOI				\$6,336,823	\$6,525,055	\$6,718,875	\$6,918,449	\$7,123,947	\$7,335,546	\$7,553,425
Debt Yield				8.0%	8.2%	8.4%	8.7%	8.9%	9.2%	9.5%







## OVERVIEW

The Property is located at 400-420 South Fifth Street and 530 Bergen Street, Harrison, NJ. The Property comprises an entire city block consisting of 2.06 acres bounded by South Fifth Street, Sixth Street, Sussex Street and Bergen Street, and a 0.46 acre vacant lot designated for a five-story parking deck. The existing improvements include three buildings that were built for and occupied for many years by the Thomas Edison Lamp Company. The three existing three-story buildings total approximately 200,000sf, contain 14' ceiling heights, and were originally constructed in phases between 1902 and 1914.

The development execution consists of gut renovating and converting the existing structures to residential, and adding approximately 100,000sf of total new residential construction on top of two of the existing buildings. A five story, approximately 279 car parking deck will be constructed on the adjacent vacant lot. Upon completion, the Property will consist of three residential buildings with heights of 45', 65', and 75' containing 345 market rate residential units, a comprehensive residential amenity package, and a five story adjacent parking deck. The amenity package will include fitness center, multi-purpose room, interior courtyards, pet spa, resident lounge, business center, indoor half basketball court, rooftop pool, indoor rooftop lounge, and 24/7 concierge. In addition to the robust amenity package, the adaptive re-use of the existing industrial building will result in a unique loft-like residential property that we believe will be attractive to renters given the 14' ceiling heights, 12' tall factory windows, exposed interior brick walls, and industrial chic interior design.

The current approvals with the Town of Harrison consist of 320-units and 333-parking spaces. However, the current design documents contemplate 345-units and 345-parking spaces, which the Borrower is currently seeking site plan approval for.

Ownership has received approval for a 30-yr PILOT. The PILOT contains fixed annual increases that will eliminate any risk associated with a "spike" in tax payments during the 30 year term.

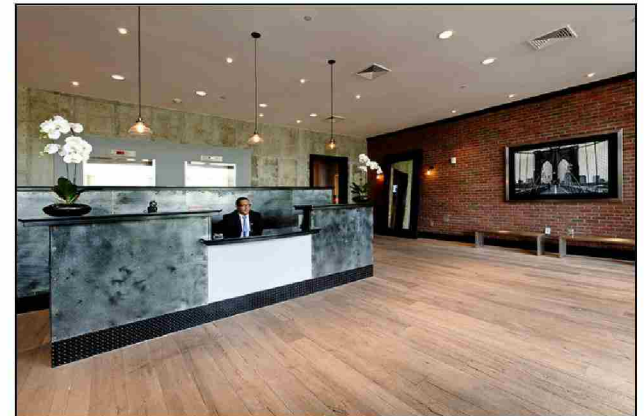
As part of its acquisition due diligence, the Borrower initiated an environmental investigation in 2012. The investigation revealed on-site soil and groundwater issues. The Property, which was part of a multiple block complex of buildings, was once owned by the General Electric Company (GE). GE has completed a comprehensive and thorough environmental investigation under the supervision of a Licensed Site Remediation Professional ("LSRP"). The Borrower and GE have entered into an indemnity agreement through which the Borrower and its lenders will be indemnified from environmental claims regarding the subsurface conditions on and off site. The Borrower is working closely with GE to coordinate its redevelopment in conjunction with GE's site remediation activities.





## APARTMENT FEATURES

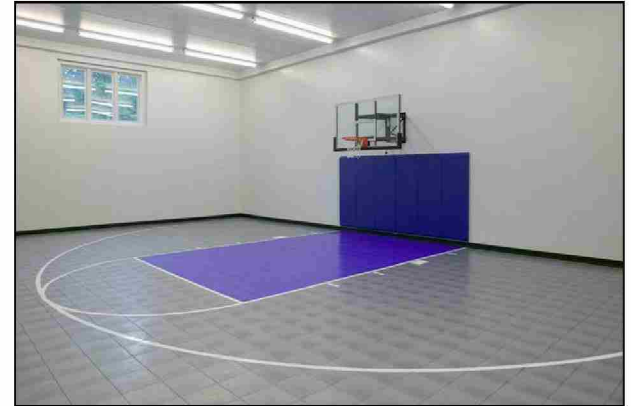
- A large number of the units will offer exposed brick and existing architectural elements while incorporating modern, chic industrial fixtures
- Open loft-like layouts within the existing buildings with 14' ceilings
- New, oversized (12'x18'), operable "factory-style" insulated windows and original architectural features. Hardwood type floors in living rooms & kitchens. Tile floors in bathrooms.
- Kitchens feature stainless steel appliances, stone countertops; many feature either a peninsula or an island breakfast bar
- Skyline Views (Eastern facing units will enjoy views of the Manhattan skyline, while western facing units will enjoy views of the Newark skyline.)
- In-unit washer/dryer
- Oversized closet storage within units.
- Storage lockers available for lease
- Wi-Fi and cable TV pre-wiring
- Private terraces available on all fourth floor units and select ground floor units



## AMENITY DESCRIPTION

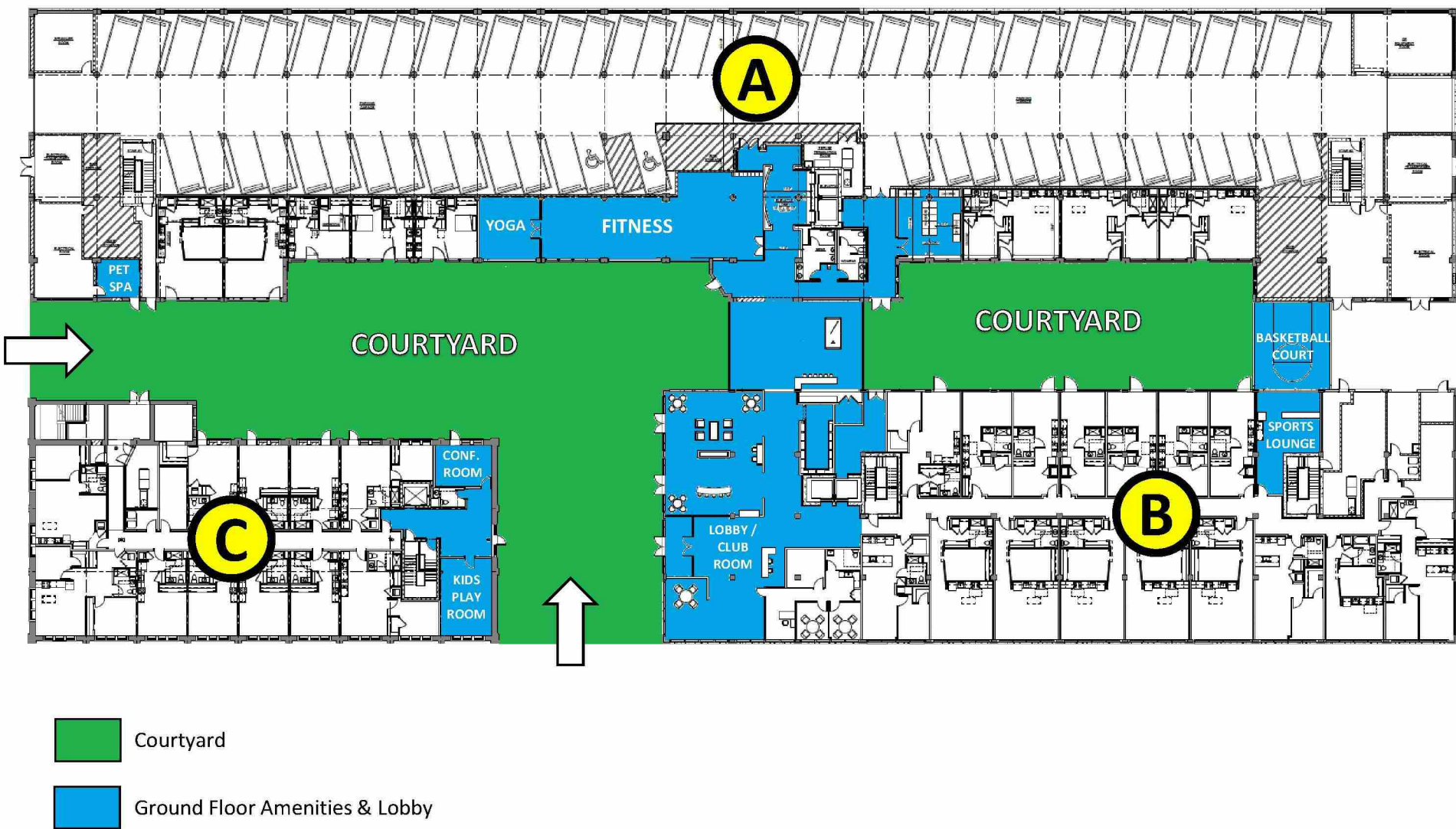
LampWorks will provide a luxurious lifestyle in a unique, “industrial chic” environment well below rents currently charged for commensurate ambiance in other NYC Metro Submarkets. To ensure the Project exceeds expectations, the borrower has planned for an outstanding amenity and convenience package including:

- 24 hour security
- Doorman service
- Free Wi-Fi in all common areas
- Bicycle storage
- Storage lockers
- Courtyards with bocce court, fire pit, herb wall, & seating for music events
- Indoor half basketball court & sports lounge
- Fitness Center & Yoga Room
- Multi-purpose Room
- Two-level rooftop sundeck with swimming pool, fire pits, BBQ grills and panoramic views. Adjacent lounge / demo kitchen for public and private use
- Clubroom complete with gaming center, gathering tables, pool table
- Pet Spa
- Pet Friendly
- Conference Room
- Kids Play Room

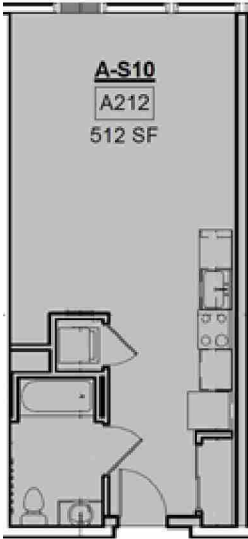




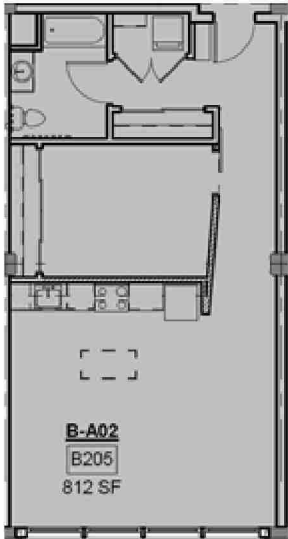
SITE PLAN – GROUND FLOOR



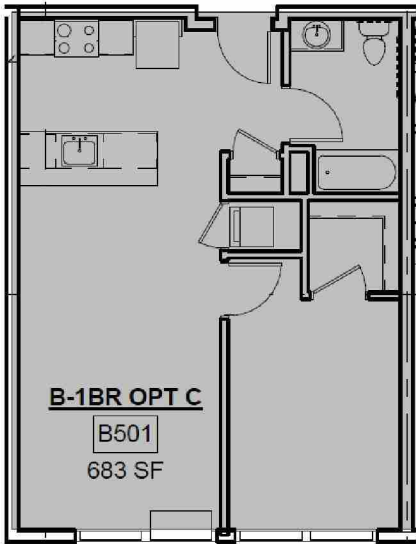
UNIT LAYOUTS



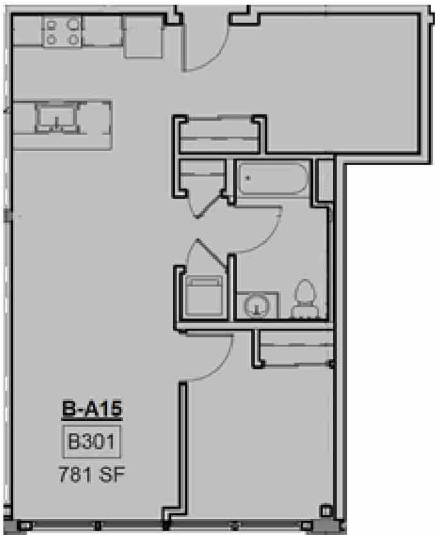
STUDIO



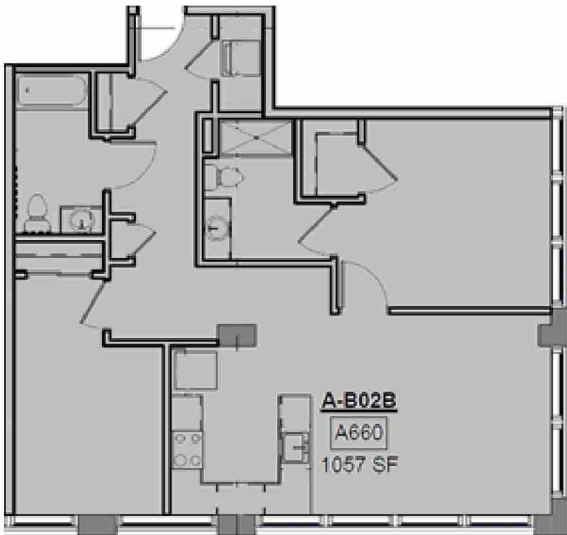
1 BR LOFT



1 BR



1 BR + DEN



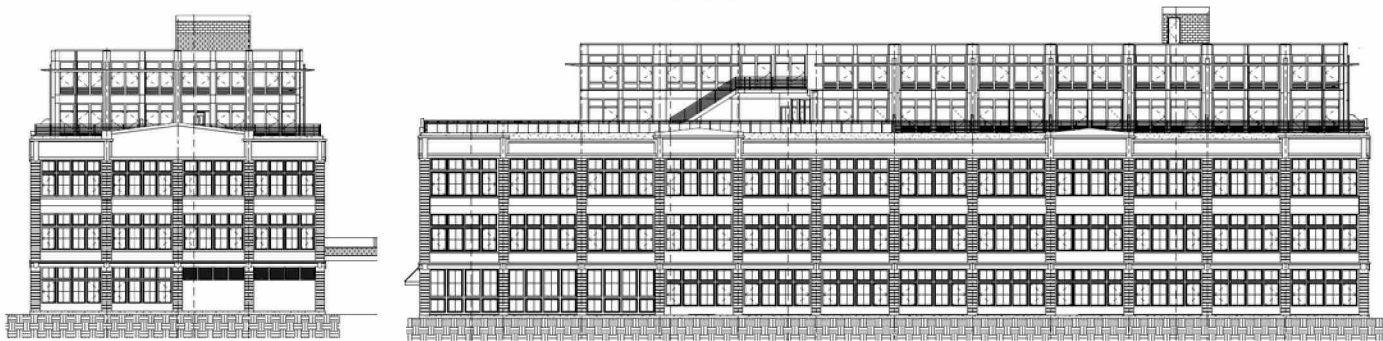
2 BR



ELEVATIONS



BUILDING A

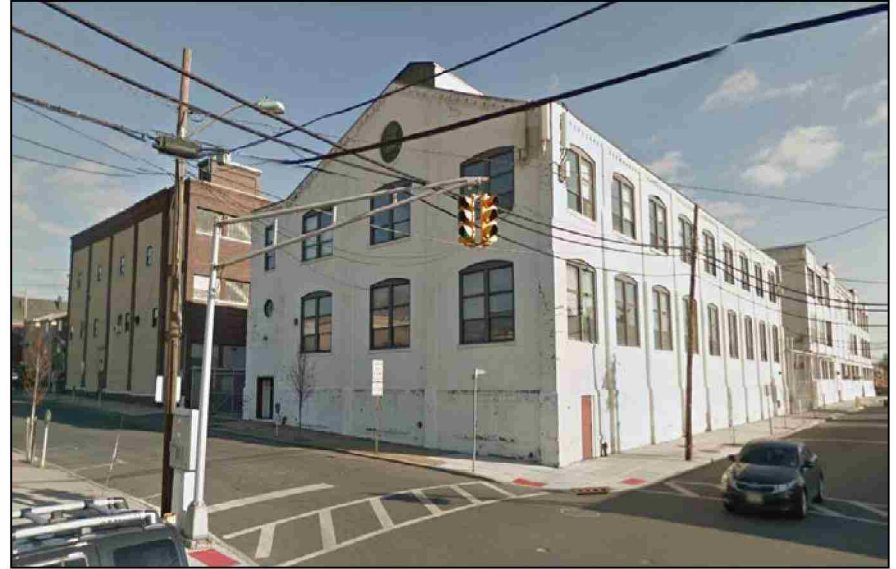
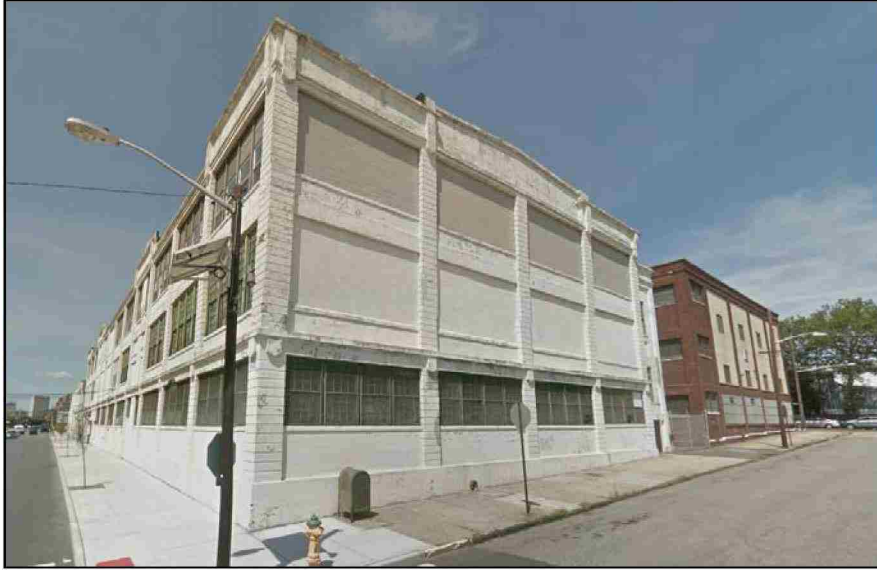


BUILDING B



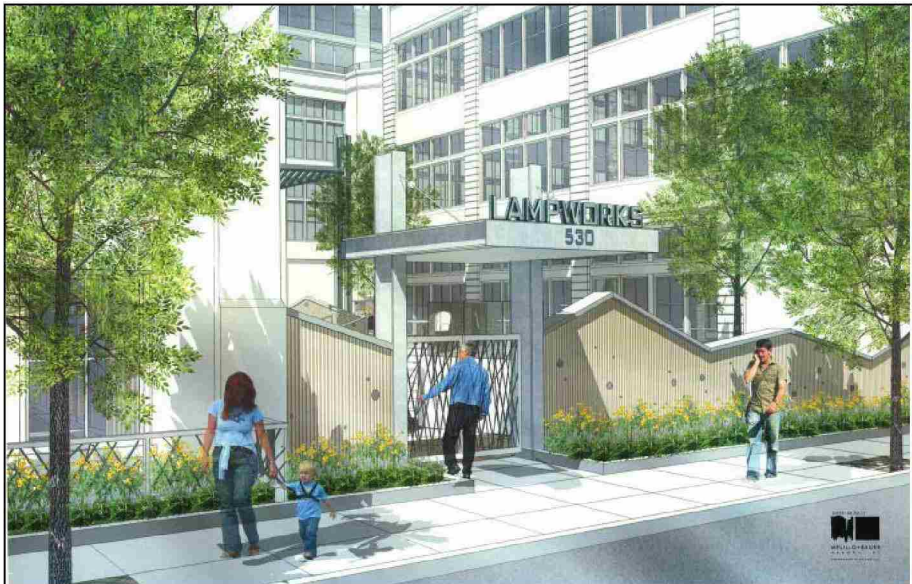
BUILDING C

## EXISTING CONDITIONS





RENDERINGS





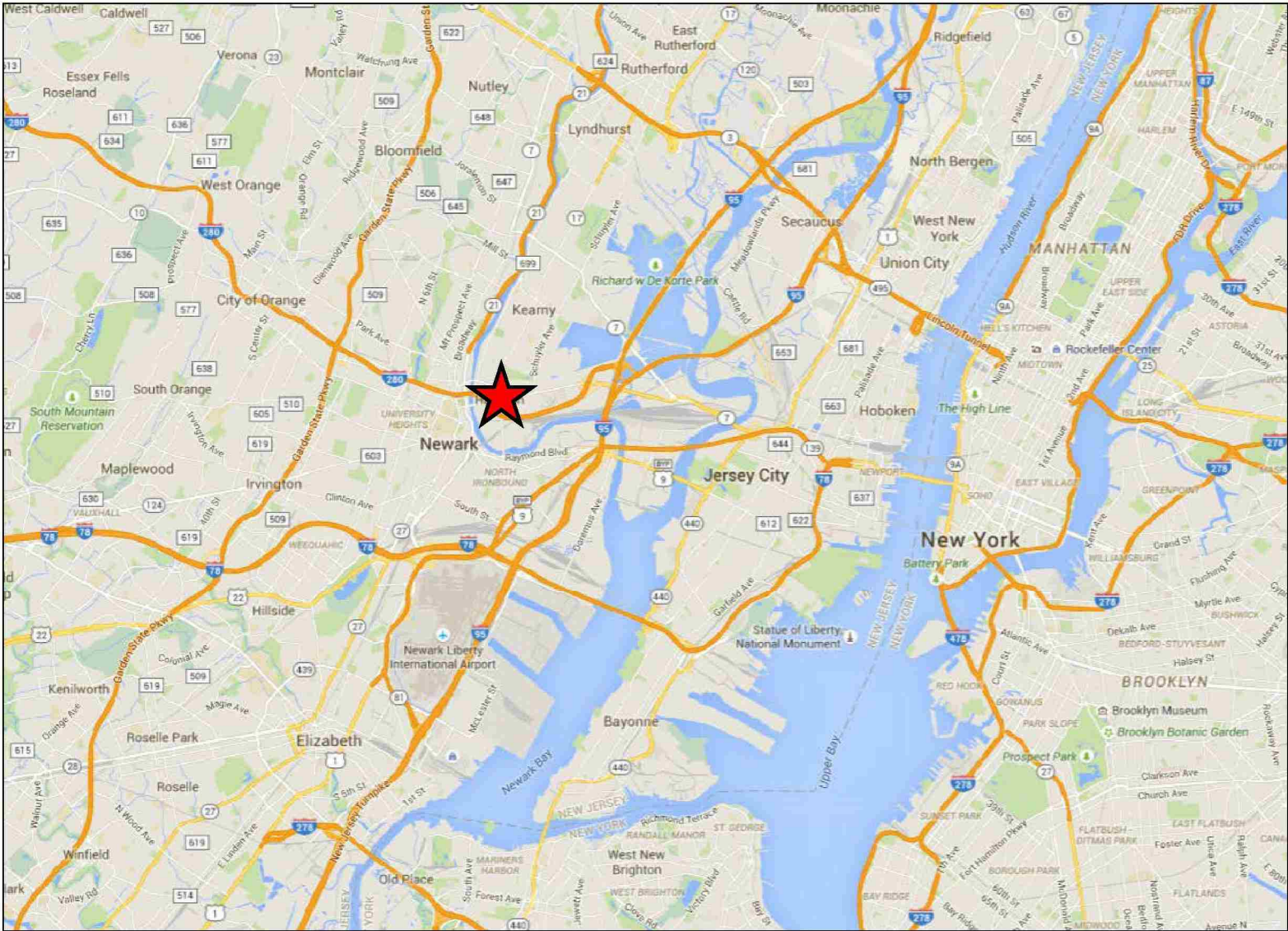
# RENDERINGS





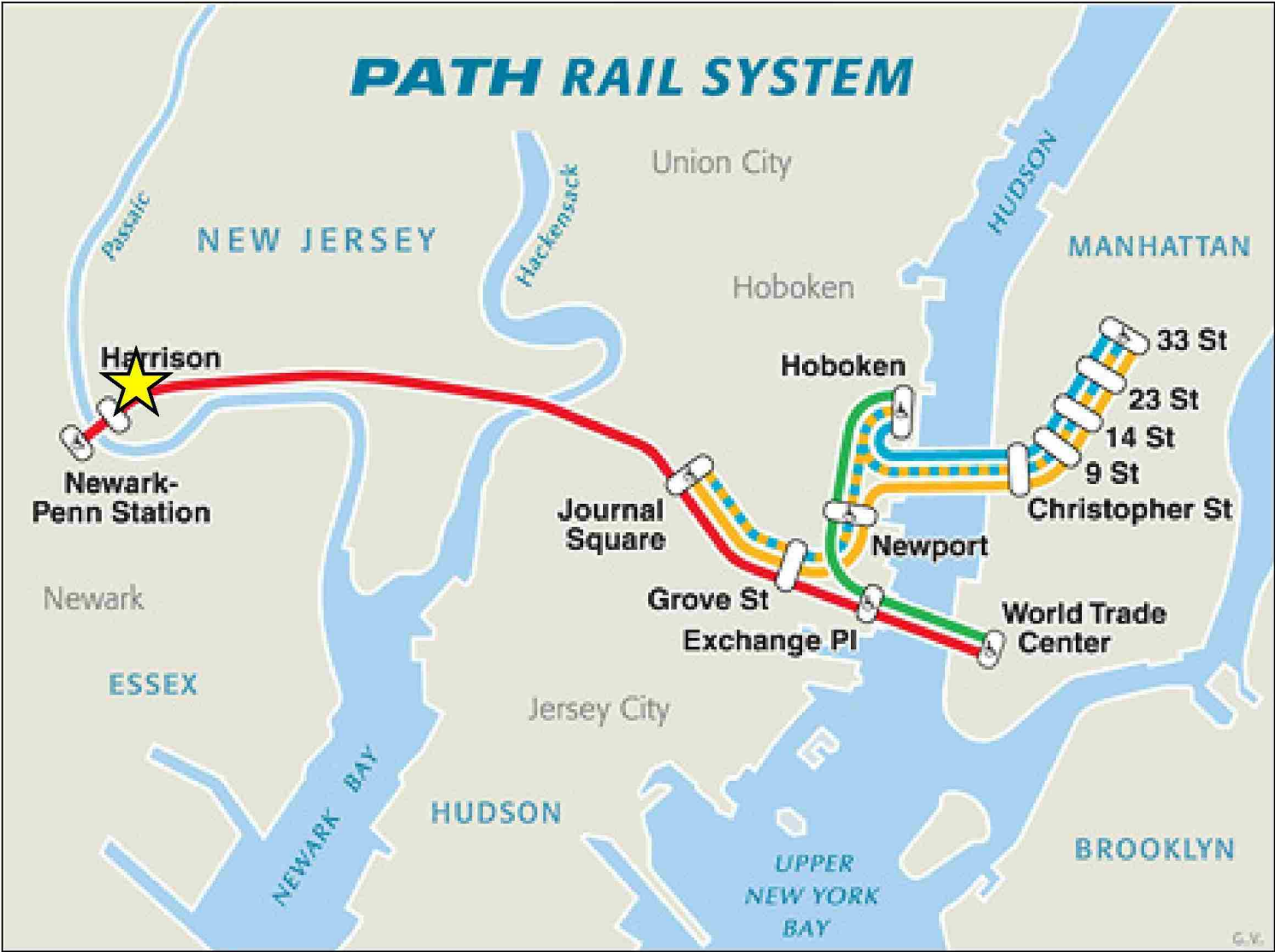


REGIONAL MAP

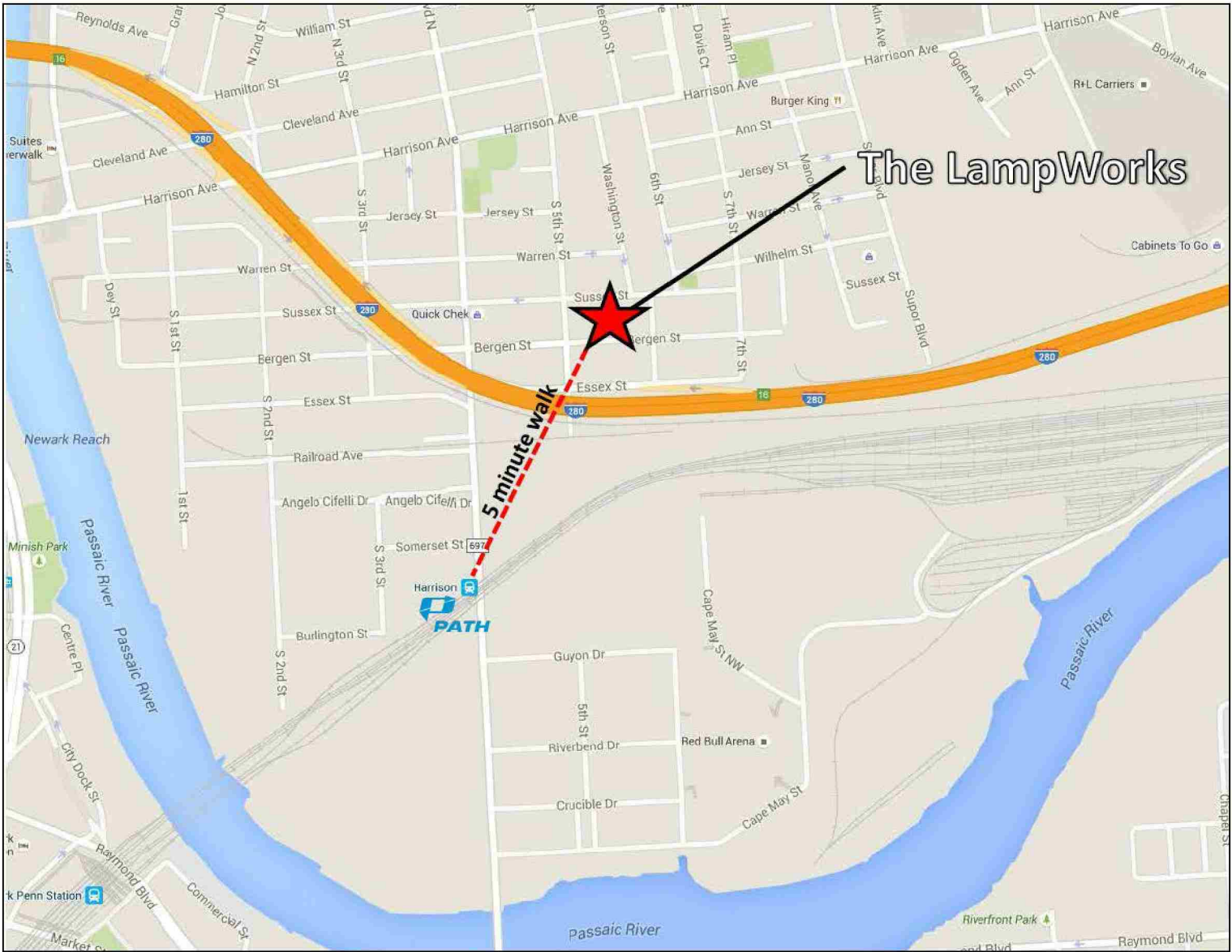




PATH RAIL SYSTEM MAP



LOCAL MAP

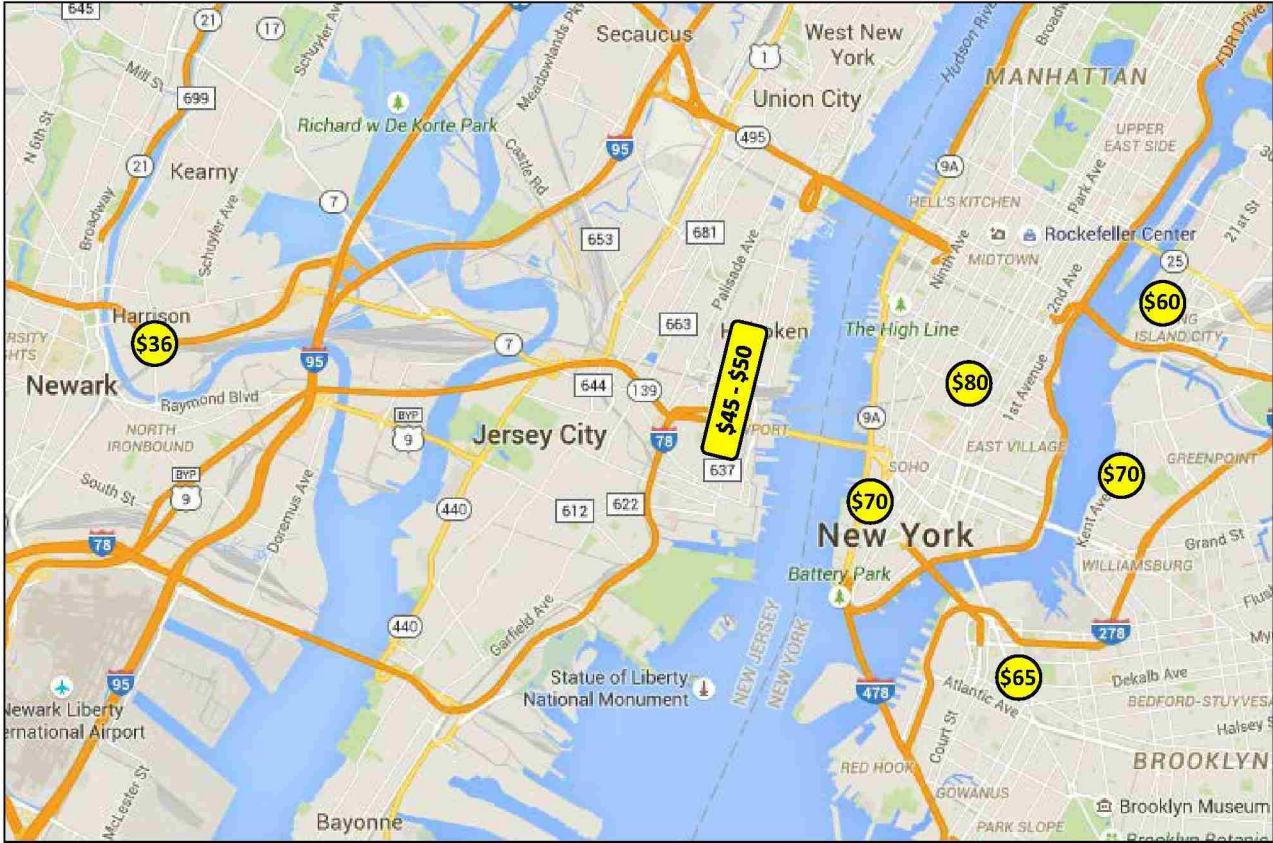




AERIAL



MARKET RENTS





## RENT STRATIFICATION

UNIT TYPE ANALYSIS - STUDIO					
Property Name	Submarket	Average Unit Size	Monthly Rent	Monthly Rent PSF	Annual Rent PSF
The One	Jersey City, NJ	612	\$2,620	\$4.28	\$51.35
Charles & Co.	Jersey City, NJ	537	\$2,395	\$4.46	\$53.52
18 Park	Jersey City, NJ	643	\$2,350	\$3.65	\$43.86
The Beacon	Jersey City, NJ	592	\$1,898	\$3.21	\$38.46
<b>Lamp Works - Alcove Studio</b>	<b>Harrison, NJ</b>	<b>539</b>	<b>\$1,850</b>	<b>\$3.43</b>	<b>\$41.15</b>
Parkway Lofts	Bloomfield, NJ	514	\$1,767	\$3.44	\$41.25
Water's Edge	Harrison, NJ	602	\$1,710	\$2.84	\$34.09
<b>Lamp Works - Studio</b>	<b>Harrison, NJ</b>	<b>473</b>	<b>\$1,700</b>	<b>\$3.59</b>	<b>\$43.12</b>
Harrison Station I & II	Harrison, NJ	514	\$1,628	\$3.17	\$38.01
Harrison Station III	Harrison, NJ	443	\$1,575	\$3.56	\$42.66
<b>AVERAGE</b>		<b>547</b>	<b>\$1,949</b>	<b>\$3.56</b>	<b>\$42.76</b>

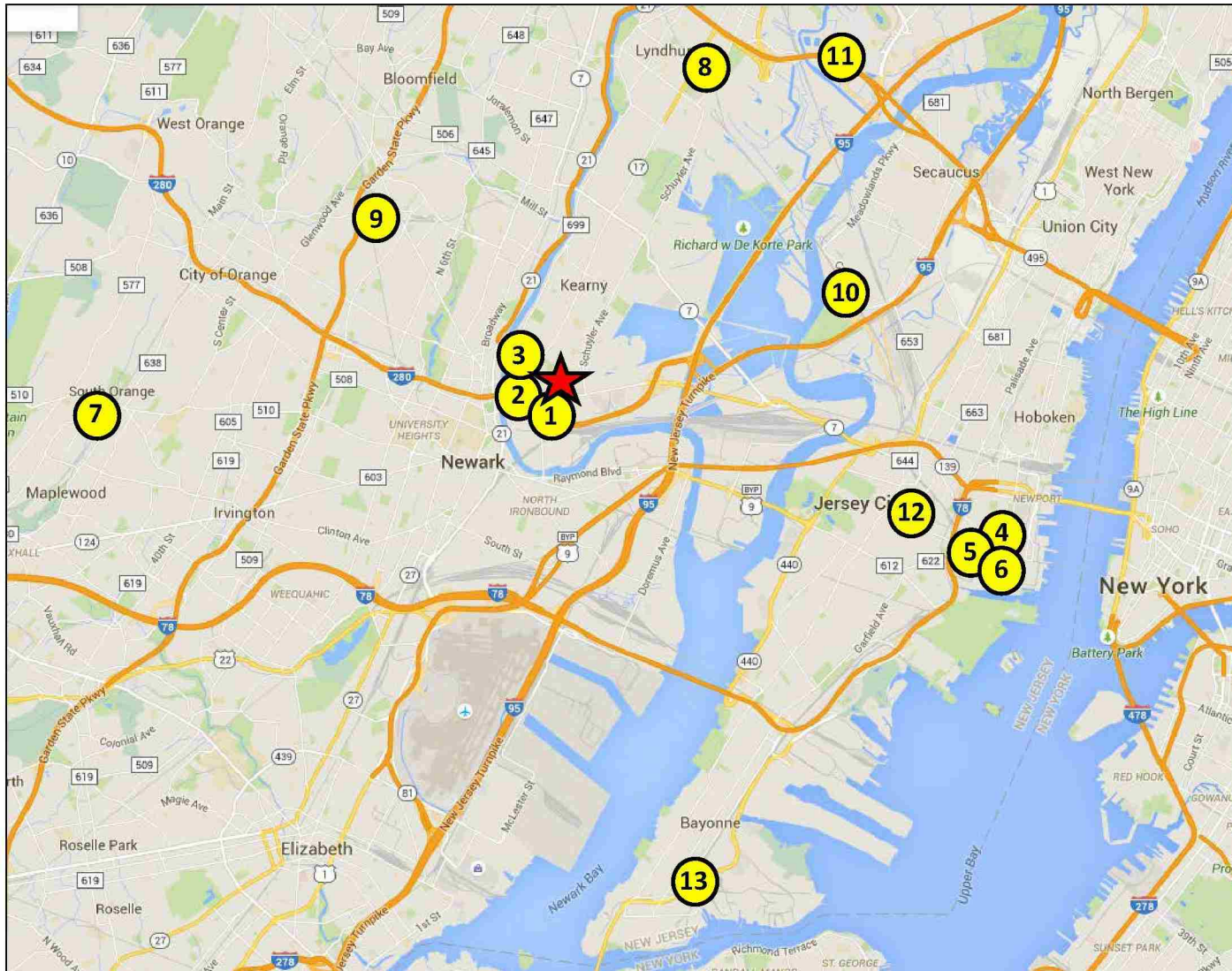
UNIT TYPE ANALYSIS - 1 BEDROOM					
Property Name	Submarket	Average Unit Size	Monthly Rent	Monthly Rent PSF	Annual Rent PSF
The One	Jersey City, NJ	742	\$2,860	\$3.86	\$46.28
Charles & Co.	Jersey City, NJ	649	\$2,548	\$3.93	\$47.14
18 Park	Jersey City, NJ	651	\$2,400	\$3.69	\$44.24
Gaslight Commons	South Orange, NJ	787	\$2,397	\$3.05	\$36.56
<b>Lamp Works - 1 BR + Den</b>	<b>Harrison, NJ</b>	<b>913</b>	<b>\$2,350</b>	<b>\$2.57</b>	<b>\$30.89</b>
Vermella Lyndhurst	Lyndhurst, NJ	1,024	\$2,309	\$2.26	\$27.06
<b>Lamp Works - 1 BR Loft</b>	<b>Harrison, NJ</b>	<b>780</b>	<b>\$2,250</b>	<b>\$2.88</b>	<b>\$34.60</b>
Parkway Lofts	Bloomfield, NJ	792	\$2,150	\$2.72	\$32.59
NEXT @ Xchange	Secaucus, NJ	778	\$2,138	\$2.75	\$32.97
<b>Lamp Works - 1 BR</b>	<b>Harrison, NJ</b>	<b>710</b>	<b>\$2,100</b>	<b>\$2.96</b>	<b>\$35.51</b>
The Monarch	East Rutherford, NJ	767	\$2,070	\$2.70	\$32.38
The Beacon	Jersey City, NJ	688	\$2,053	\$2.98	\$35.81
Harrison Station III	Harrison, NJ	680	\$2,010	\$2.96	\$35.47
Water's Edge	Harrison, NJ	740	\$1,990	\$2.69	\$32.27
Silk Lofts	Bayonne, NJ	750	\$1,933	\$2.58	\$30.93
Harrison Station I & II	Harrison, NJ	727	\$1,860	\$2.56	\$30.70
St George Harrison	Harrison, NJ	720	\$1,825	\$2.53	\$30.42
<b>AVERAGE</b>		<b>759</b>	<b>\$2,191</b>	<b>\$2.89</b>	<b>\$34.65</b>

## RENT STRATIFICATION

UNIT TYPE ANALYSIS - 2 BEDROOM					
Property Name	Submarket	Average Unit Size	Monthly Rent	Monthly Rent PSF	Annual Rent PSF
Charles & Co.	Jersey City, NJ	1,168	\$3,963	\$3.39	\$40.71
The One	Jersey City, NJ	1,057	\$3,673	\$3.48	\$41.71
Gaslight Commons	South Orange, NJ	1,095	\$3,588	\$3.28	\$39.32
18 Park	Jersey City, NJ	979	\$3,285	\$3.36	\$40.27
The Beacon	Jersey City, NJ	990	\$3,054	\$3.09	\$37.03
Vermella Lyndhurst	Lyndhurst, NJ	1,364	\$2,912	\$2.13	\$25.62
NEXT @ Xchange	Secaucus, NJ	1,119	\$2,716	\$2.43	\$29.12
<b>Lamp Works</b>	<b>Harrison, NJ</b>	<b>1,057</b>	<b>\$2,700</b>	<b>\$2.55</b>	<b>\$30.64</b>
Parkway Lofts	Bloomfield, NJ	1,151	\$2,683	\$2.33	\$27.98
The Monarch	East Rutherford, NJ	1,158	\$2,676	\$2.31	\$27.74
Silk Lofts	Bayonne, NJ	1,220	\$2,600	\$2.13	\$25.57
Harrison Station III	Harrison, NJ	948	\$2,475	\$2.61	\$31.33
Water's Edge	Harrison, NJ	1,121	\$2,448	\$2.18	\$26.21
Harrison Station I & II	Harrison, NJ	1,006	\$2,318	\$2.30	\$27.66
St George Harrison	Harrison, NJ	1,123	\$2,318	\$2.06	\$24.77
<b>AVERAGE</b>		<b>1,104</b>	<b>\$2,894</b>	<b>\$2.62</b>	<b>\$31.46</b>



## RENT STRATIFICATION - MAP



★ LampWorks

1. Harrison Station
2. Water's Edge
3. St. George Harrison
4. The One
5. Charles & Co.
6. 18 Park
7. Gaslight Commons
8. Vermella Lyndhurst
9. Parkway Lofts
10. NEXT @ Xchange
11. The Monarch
12. The Beacon
13. Silk Lofts

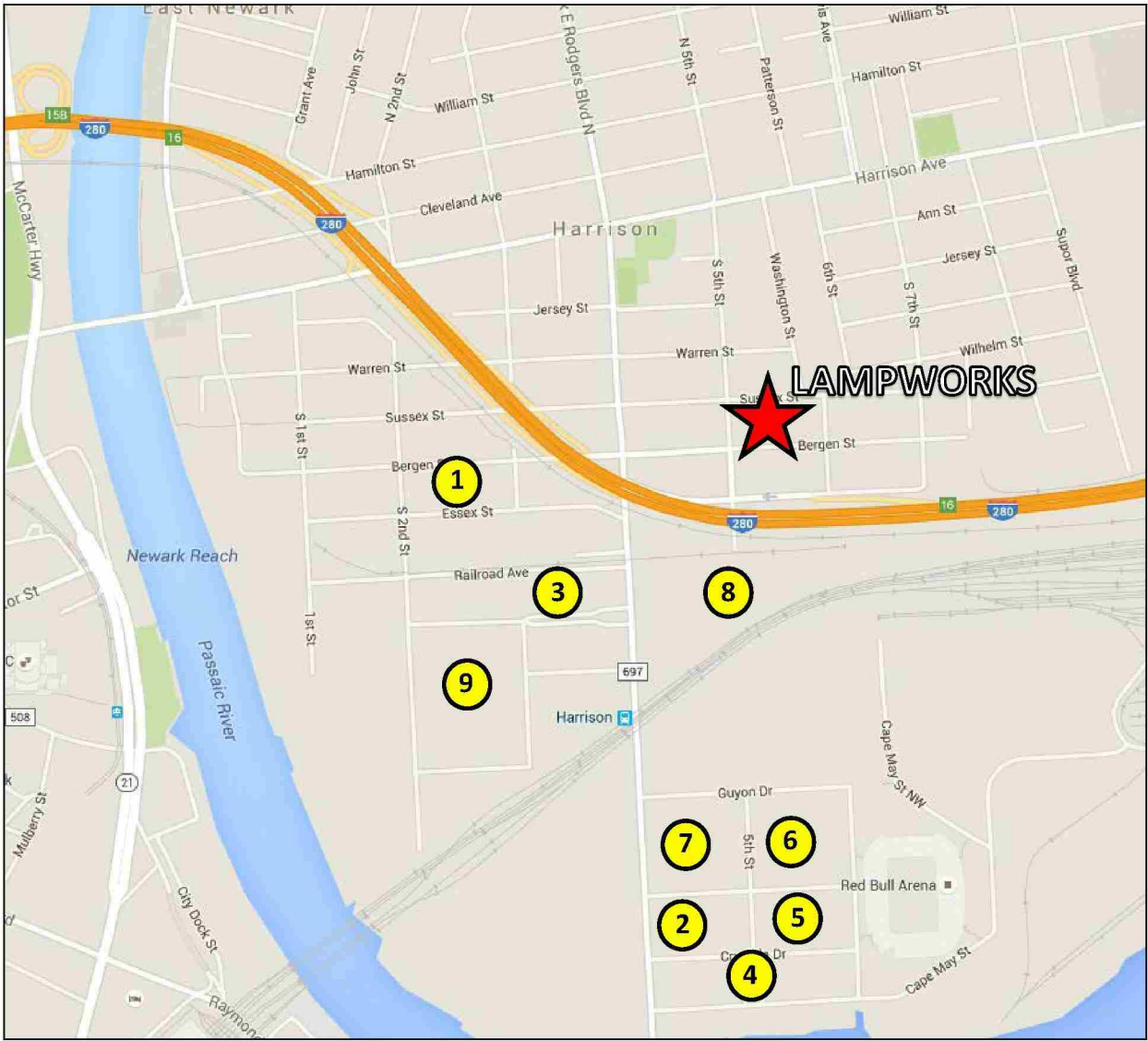
## DEVELOPMENT ANALYSIS

Under Construction							
Map No.	Status	Name	Address	Developer	Units	Stories	Delivery (Est.)
1	Under Construction	Peirra Bakery / Cookie Factory Site	221 Bergen Street	Hampshire Companies / Crown Point Group	104	-	2015
2	Under Construction	Vermella Harrison	1100 Frank E Rodgers Blvd	Russo Development	396	5	2015
3	Under Construction	Harrison Station III	300 Middlesex Street	Ironstate / Pegasus Group	329	4	2015
<b>TOTAL</b>					<b>829</b>		

Potential / Planned							
Map No.	Status	Name	Address	Developer	Units	Stories	Delivery (Est.)
4	Potential / Planned	Riverbend District - Phase 1	Frank E Rodgers & Cape May St	Advance Realty / DeBartolo Development	286	-	TBD
5	Potential / Planned	Riverbend District - Block C	Pete Higgins & Riverbend Dr	Advance Realty / DeBartolo Development	139	-	TBD
6	Potential / Planned	Riverbend District - Block D	-	Advance Realty / DeBartolo Development	345	-	TBD
7	Potential / Planned	Riverbend District - Block E & F	-	Advance Realty / DeBartolo Development	592	-	TBD
8	Potential / Planned	Harrison Station - Heller Urban Renewal	700 Frank E Rogers Blvd	Heller Urban Renewal	747	-	TBD
9	Potential / Planned	URL Harrison	-	Ironstate	414	-	TBD
<b>TOTAL</b>					<b>1,823</b>		



DEVELOPMENT ANALYSIS - MAP



NOTES

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# THE LAMPWORKS™

HARRISON | NEW JERSEY

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ORGANIZATION, INC.

